

ted on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 5. This Act takes effect July 1, 2016.

Passed by the House on April 16, 2015: Yeas 116, Nays 28, 2 present, not voting;
passed by the Senate on May 27, 2015: Yeas 24, Nays 7.

Approved June 20, 2015.

Effective July 1, 2016.

**CERTAIN STATE AND LOCAL TAXES, INCLUDING AD
VALOREM TAXES, AND TO THE REPEAL OF CERTAIN OF
THOSE TAXES**

CHAPTER 1255

H.B. No. 1905

AN ACT

**relating to certain state and local taxes, including ad valorem taxes, and to the
repeal of certain of those taxes.**

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 34.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 34.04. **EXEMPTION FROM TAXES.** ~~[(a) The taxes imposed by this code shall be paid on all alcoholic beverages on a commercial passenger aircraft departing from an airport in this state, in accordance with rules and regulations prescribed by the commission.~~

~~[(b)] The preparation and service of alcoholic beverages by the holder of an airline beverage permit is exempt from a tax imposed by this code and from the tax imposed by Chapter 151, Tax Code [the Limited Sales, Excise and Use Tax Act]. [An airline beverage service fee of five cents is imposed on each individual serving of an alcoholic beverage served by the permittee inside the state. The fee accrues at the time the container containing an alcoholic beverage is delivered to the passenger. The permittee may absorb the cost of the fee or may collect it from the passenger. The permittee shall remit the fees to the commission each month under a reporting system prescribed by the commission.]~~

SECTION 2. Section 48.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 48.04. **EXEMPTION FROM TAXES.** ~~[(a) The taxes imposed by this code shall be paid on all alcoholic beverages on a commercial passenger train departing from a depot in this state in accordance with the rules prescribed by the commission.~~

~~[(b)] The preparation and service of alcoholic beverages by the holder of a passenger train beverage permit is exempt from a tax imposed by this chapter and from the tax imposed by Chapter 151, Tax Code [the Limited Sales, Excise, and Use Tax Act (Section 151.001 et seq., Tax Code)]. [A passenger train service fee of five cents is imposed on each individual serving of an alcoholic beverage served by the permittee inside the state. The fee accrues at the time the container containing an alcoholic beverage is delivered to the passenger. The permittee shall remit the fees to the commission each month under a reporting system prescribed by the commission.]~~

SECTION 3. Section 2001.103(d), Occupations Code, is amended to read as follows:

(d) An organization operating under a temporary license is subject to:

(1) the ~~[taxes and]~~ fees authorized or imposed by this chapter; and

(2) the other provisions of this chapter to the extent they can be made applicable.

SECTION 4. Section 2001.312, Occupations Code, is amended to read as follows:

Sec. 2001.312. FAILURE TO FILE ~~[TAX-OR]~~ FEE REPORTS. A person is not eligible for a license or a license renewal unless all required reports ~~[, tax returns,]~~ and requested information have been filed under this chapter.

SECTION 5. Section 2001.355(b), Occupations Code, is amended to read as follows:

(b) Before temporarily suspending a license, the director of bingo operations must follow any prehearing rules adopted by the commission to determine if the license holder's continued operation may constitute:

- (1) an immediate threat to the health, safety, morals, or welfare of the public; or
- (2) a financial loss to this state, which includes a license holder's failure to remit ~~[taxes under Section 2001.501 or]~~ prize fee payments under Section 2001.502 to the commission as required by *that section* ~~[those sections]~~.

SECTION 6. Section 2001.437(a), Occupations Code, is amended to read as follows:

(a) If the unit accounting agreement of a unit states that a unit manager is responsible for compliance with commission rules and this chapter, the unit manager is responsible for:

- (1) the filing of one quarterly report for the unit on a form prescribed by the commission; and
- (2) the payment of ~~[taxes and]~~ fees and the maintenance of the bingo inventory and financial records of the unit.

SECTION 7. Section 2001.438(f), Occupations Code, is amended to read as follows:

(f) Each licensed authorized organization that is a member of the unit shall be jointly and severally liable for:

- (1) compliance with the requirements of this subchapter and the rules of the commission relating to the filing of required reports;
- (2) the maintenance of bingo inventory and financial records; and
- (3) the payment of ~~[taxes,]~~ fees ~~[,]~~ and any penalties imposed for a violation of this subchapter or commission rules related to the operations of the unit.

SECTION 8. The heading to Subchapter K, Chapter 2001, Occupations Code, is amended to read as follows:

SUBCHAPTER K. ~~[TAXES-AND]~~ PRIZE FEES

SECTION 9. Section 2001.504, Occupations Code, is amended to read as follows:

Sec. 2001.504. PAYMENT AND REPORTING OF ~~[TAX-OR]~~ FEE. (a) A ~~[tax-or]~~ fee *on prizes* authorized or imposed under this subchapter is due and is payable by the license holder or a person conducting bingo without a license to the commission quarterly on or before the 25th day of the month succeeding each calendar quarter.

(b) The report of *the* ~~[a tax-or]~~ fee *on prizes* must be filed under oath on forms prescribed by the commission.

(c) The commission shall adopt rules for the payment of the *fee on prizes* ~~[taxes and fees]~~.

(d) A license holder required to file a *report of the fee on prizes* ~~[tax return]~~ shall deliver the *quarterly report* ~~[return]~~ with the net amount of the *fee* ~~[tax]~~ due to the commission.

~~[(e) The commission shall deposit the revenue collected under this section to the credit of the general revenue fund.]~~

SECTION 10. Section 2001.508, Occupations Code, is amended to read as follows:

Sec. 2001.508. PENALTIES FOR FAILURE TO PAY OR REPORT. (a) If a person

fails to file a *report of the fee on prizes* [return] as required by this chapter or fails to pay to the commission *the fee on prizes* [taxes] imposed under this chapter when the *report* [return] or payment is due, the person forfeits five percent of the amount due as a penalty, and after the first 30 days, the person forfeits an additional five percent.

(b) A delinquent *payment of the fee on prizes* [tax] accrues interest at the rate provided by Section 111.060, Tax Code, beginning on the 60th day after the due date.

SECTION 11. Section 2001.509, Occupations Code, is amended to read as follows:

Sec. 2001.509. RECOMPUTATION OF PRIZE FEE [TAX]. If the commission is not satisfied with a *report of the fee on prizes* [tax-return] or the amount of *the fee on prizes* [tax] required to be remitted under this chapter to the state by a person, the commission may compute and determine the amount required to be paid on the basis of:

(1) the facts contained in the *report of the fee on prizes* [return] or report of receipts and expenses; or

(2) any information possessed by the commission or that may come into the possession of the commission, without regard to the period covered by the information.

SECTION 12. The heading to Section 2001.510, Occupations Code, is amended to read as follows:

Sec. 2001.510. DETERMINATION IF NO REPORT [RETURN] MADE.

SECTION 13. Sections 2001.510(a) and (c), Occupations Code, are amended to read as follows:

(a) If a license holder fails to make a required *report of the fee on prizes* [return], or if a person conducts bingo without a license, the commission shall make an estimate of the prizes awarded at a bingo occasion [~~or of the gross rentals received by a license holder for the rental of premises~~]. The commission shall make the estimate for the period in respect to which the license holder or other person failed to make a *report* [return].

(c) On the basis of the commission's estimate, the commission shall compute and determine the amount of *the fee on prizes* [taxes or fees] required to be paid to the state and shall add to that amount a penalty of 10 percent of the amount.

SECTION 14. Sections 2001.511(a) and (c), Occupations Code, are amended to read as follows:

(a) If the commission believes that the collection of *the* [~~a gross rental tax or~~] fee on prizes, an amount of the [~~tax or~~] fee on prizes required to be remitted to the state, or the amount of a determination will be jeopardized by delay, the commission shall make a determination of the [~~tax or~~] fee on prizes or amount of the [~~tax or~~] fee required to be collected, noting the finding of jeopardy on the determination. The determined amount is due and payable immediately.

(c) A delinquency penalty of 10 percent of the [~~tax or~~] fee on prizes or amount of the [~~tax or~~] fee on prizes and interest at the rate of 10 percent a year attaches to the amount of the [~~tax or~~] fee on prizes or the amount of the [~~tax or~~] fee on prizes required to be collected.

SECTION 15. Section 2001.512, Occupations Code, is amended to read as follows:

Sec. 2001.512. APPLICATION OF TAX LAWS. (a) Subtitle B, Title 2, Tax Code, applies to the administration, collection, and enforcement of [~~the gross rentals tax imposed under Section 2001.501 and~~] the fee on prizes imposed under Section 2001.502 except as modified by this chapter.

(b) In applying the provisions of Subtitle B, Title 2, Tax Code, to [~~the gross rentals tax imposed under Section 2001.501 and~~] the fee on prizes imposed under Section 2001.502 only, the fee on prizes is treated as if it were a tax and the powers and duties assigned to the comptroller under that subtitle are assigned to the commission.

SECTION 16. Section 2001.513(a), Occupations Code, is amended to read as follows:

(a) At any time within three years after a person is delinquent in the payment of an amount of *the* [~~gross rentals tax or~~] fee on prizes, the commission may collect the amount under this section.

SECTION 17. Sections 2001.514(a), (c), and (d), Occupations Code, are amended to read as follows:

(a) To secure payment of ~~[the tax on gross rentals or]~~ the fee on prizes imposed under this subchapter, each license holder shall furnish to the commission:

- (1) a cash bond;
- (2) a bond from a surety company chartered or authorized to do business in this state;
- (3) certificates of deposit;
- (4) certificates of savings;
- (5) United States treasury bonds;
- (6) subject to the approval of the commission, an assignment of negotiable stocks or bonds; or
- (7) other security as the commission considers sufficient.

(c) On a license holder's failure to pay ~~[the gross rentals tax or]~~ the fee on prizes imposed under this subchapter, the commission may notify the license holder and any surety of the delinquency by jeopardy or deficiency determination. If payment is not made when due, the commission may forfeit all or part of the bond or security.

(d) If the license holder ceases to conduct bingo and relinquishes the license holder's license, the commission shall authorize the release of all bonds and other security on a determination that no amounts of ~~[the gross rentals tax or]~~ the fee on prizes remain due and payable under this subchapter.

SECTION 18. Section 2001.515, Occupations Code, is amended to read as follows:

Sec. 2001.515. COMMISSION'S ~~[TAX]~~ DUTIES. The commission shall perform all functions incident to the administration, collection, enforcement, and operation of *the fee on prizes* ~~[a tax]~~ imposed under this subchapter.

SECTION 19. (a) Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.211 to read as follows:

Sec. 11.211. REAL PROPERTY LEASED TO CERTAIN SCHOOLS. A person is entitled to an exemption from taxation of the real property that the person owns and leases to a school that is qualified as provided by Section 11.21(d) if:

- (1) the real property is used exclusively by the school for educational functions;*
- (2) the real property is reasonably necessary for the operation of the school;*
- (3) the owner certifies by affidavit to the school that the rent for the lease of the real property will be reduced by an amount equal to the amount by which the taxes on the property are reduced as a result of the exemption;*
- (4) the owner provides the school with a disclosure document stating the amount by which the taxes on the real property are reduced as a result of the exemption and the method the owner will implement to ensure that the rent charged for the lease of the property fully reflects that reduction; and*
- (5) the rent charged for the lease of the real property reflects the reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent.*

(b) This section applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this section.

SECTION 20. (a) Section 11.231, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) In addition to an organization described by Subsection (a), in this section, "non-profit community business organization" also means a Type A corporation governed by Chapter 504, Local Government Code, and a Type B corporation governed by Chapter 505, Local Government Code.

(b) This section applies only to ad valorem taxes imposed for a tax year that begins on or after the effective date of this section.

SECTION 21. Section 151.314, Tax Code, is amended by amending Subsections (b-1), (c-2), and (h) and adding Subsection (c-4) to read as follows:

(b-1) For purposes of this section, "snack items" means ~~[includes]~~:

- (1) breakfast bars, granola bars, nutrition bars, sports bars, protein bars, or yogurt bars, unless labeled and marketed as candy;
- (2) snack mix or trail mix;
- (3) nuts, *but not including pine nuts* or ~~[unless]~~ candy-coated nuts;
- (4) popcorn; ~~[and]~~
- (5) chips, crackers, ~~[or]~~ hard pretzels, *pork rinds, or corn nuts*;
- (6) *sunflower seeds or pumpkin seeds*;
- (7) *ice cream, sherbet, or frozen yogurt*; and
- (8) *ice pops, juice pops, sorbet, or other frozen fruit items containing not more than 50 percent fruit juice by volume.*

(c-2) The exemption provided by Subsection (a) does not include the following prepared food:

- (1) food, food products, and drinks, including meals, milk and milk products, fruit and fruit products, sandwiches, salads, processed meats and seafoods, vegetable juice, and ice cream in cones or small cups, served, prepared, or sold ready for immediate consumption ~~[in or]~~ by restaurants, lunch counters, cafeterias, *delis*, vending machines, hotels, or like places of business or sold ready for immediate consumption from pushcarts, motor vehicles, or any other form of vehicle;
- (2) food sold in a heated state or heated by the seller; or
- (3) two or more food ingredients mixed or combined by the seller for sale as a single item, including items that are sold in an unheated state by weight or volume as a single item, but not including food that is only cut, repackaged, or pasteurized by the seller.

(c-4) For purposes of Subdivision (c-2)(1), if a grocery store or convenience store contains a type of location listed in that subdivision, the store is considered a like place of business for purposes of that subdivision, but only in relation to items sold at that location.

(h) The exemption provided by Subsection (a) does not apply to a snack item if the item is sold through a vending machine or is sold in individual-sized portions. For purposes of this subsection, an individual-sized portion is a portion that:

- (1) is labeled as having not more than one serving; or
- (2) contains less than 2.5 ounces~~[, if the package does not specify the number of servings]~~.

SECTION 22. (a) Section 156.001, Tax Code, is amended to read as follows:

Sec. 156.001. **DEFINITIONS** ~~[DEFINITION]~~. (a) In this chapter, "hotel" means a building in which members of the public obtain sleeping accommodations for consideration. The term includes a hotel, motel, tourist home, tourist house, tourist court, lodging house, inn, rooming house, or bed and breakfast. The term does not include:

- (1) a hospital, sanitarium, or nursing home;
- (2) a dormitory or other housing facility owned or leased and operated by an institution of higher education or a private or independent institution of higher education as those terms are defined by Section 61.003, Education Code, used by the institution for the purpose of providing sleeping accommodations for persons engaged in an educational program or activity at the institution; or

(3) an oilfield portable unit, as defined by Section 152.001.

(b) *For purposes of the imposition of a hotel occupancy tax under this chapter, Chapter 351 or 352, or other law, "hotel" includes a short-term rental. In this subsection, "short-term rental" means the rental of all or part of a residential property to a person who is not a permanent resident under Section 156.101.*

(b) The heading to Section 351.005, Tax Code, is amended to read as follows:

Sec. 351.005. REIMBURSEMENT FOR ~~[TAX COLLECTION]~~ EXPENSES OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM.

(c) Section 351.005(a), Tax Code, is amended to read as follows:

(a) A municipality may permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter not more than one percent of the amount collected and required to be reported as reimbursement to the person for the costs in collecting the tax *and, if applicable, the use of an electronic tax administration system described by Section 351.1012.*

(d) Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1012 to read as follows:

Sec. 351.1012. ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) *Notwithstanding any other provision of this chapter, a municipality may spend not more than one percent of the revenue derived from the tax authorized by this chapter for the creation, maintenance, operation, and administration of an electronic tax administration system.*

(b) *A municipality may contract with a third party to assist in the creation, maintenance, operation, or administration of the electronic tax administration system.*

(e) The amendments made by this section to Section 156.001, Tax Code, are a clarification of existing law and do not imply that existing law may be construed as inconsistent with the law as amended by this section.

(f) This section takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for this section to have immediate effect, this section takes effect September 1, 2015.

SECTION 23. Sections 162.001(38), (39), and (42), Tax Code, are amended to read as follows:

(38) "License holder" means a person licensed by the comptroller under Section 162.105, 162.205, ~~[162.304, 162.305, 162.306,]~~ 162.357, or 162.358.

(39) "Liquefied gas" means all combustible gases that exist in the gaseous state at 60 degrees Fahrenheit and at a pressure of 14.7 pounds per square inch absolute, but does not include compressed natural gas, liquefied natural gas, gasoline, or diesel fuel. *Liquefied gas is considered a special fuel for purposes of Section 151.308.*

(42) "Motor fuel" means gasoline, diesel fuel, ~~[liquefied gas,]~~ gasoline blended fuel, compressed natural gas, liquefied natural gas, and other products that are offered for sale, sold, used, or capable of use as fuel for a gasoline-powered engine or a diesel-powered engine.

SECTION 24. Section 162.104(a), Tax Code, is amended to read as follows:

(a) The tax imposed by this subchapter does not apply to gasoline:

(1) sold to the United States for its exclusive use, provided that the exemption does not apply with respect to fuel sold or delivered to a person operating under a contract with the United States;

(2) sold to a public school district in this state for the district's exclusive use;

(3) sold to a commercial transportation company or a metropolitan rapid transit authority operating under Chapter 451, Transportation Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the gasoline only to provide those services;

(4) exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that:

(A) for gasoline in a situation described by Subsection (d), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

(B) for gasoline in a situation described by Subsection (e), the bill of lading indicates the destination state, the gasoline is subsequently exported, and the exporter is licensed in the destination state to pay that state's tax and has an exporter's license issued under this subchapter;

(5) moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the gasoline removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the tax imposed by this subchapter;

(6) delivered or sold into a storage facility of a licensed aviation fuel dealer from which gasoline will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the aviation fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment;

(7) exported to a foreign country if the bill of lading indicates the foreign destination and the fuel is actually exported to the foreign country; ~~or~~

(8) sold to a volunteer fire department in this state for the department's exclusive use; or

(9) *sold to a nonprofit entity that is organized for the sole purpose of and engages exclusively in providing emergency medical services and that uses the gasoline exclusively to provide emergency medical services, including rescue and ambulance services.*

SECTION 25. Section 162.125, Tax Code, is amended by adding Subsection (g-2) to read as follows:

(g-2) A nonprofit entity exempted under Section 162.104(a)(9) from the tax imposed under this subchapter that paid tax on the purchase of gasoline is entitled to a refund of the tax paid, and the entity may file a refund claim with the comptroller for that amount.

SECTION 26. Section 162.204(a), Tax Code, is amended to read as follows:

(a) The tax imposed by this subchapter does not apply to:

(1) diesel fuel sold to the United States for its exclusive use, provided that the exemption does not apply to diesel fuel sold or delivered to a person operating under a contract with the United States;

(2) diesel fuel sold to a public school district in this state for the district's exclusive use;

(3) diesel fuel sold to a commercial transportation company or a metropolitan rapid transit authority operating under Chapter 451, Transportation Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the diesel fuel only to provide those services;

(4) diesel fuel exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that:

(A) for diesel fuel in a situation described by Subsection (d), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

(B) for diesel fuel in a situation described by Subsection (e), the bill of lading indicates the destination state, the diesel fuel is subsequently exported, and the exporter is licensed in the destination state to pay that state's tax and has an exporter's license issued under this subchapter;

(5) diesel fuel moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the diesel fuel removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the tax imposed by this subchapter;

(6) diesel fuel delivered or sold into a storage facility of a licensed aviation fuel dealer from which the diesel fuel will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the diesel fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment;

(7) diesel fuel exported to a foreign country if the bill of lading indicates the foreign destination and the fuel is actually exported to the foreign country;

(8) dyed diesel fuel sold or delivered by a supplier to another supplier and dyed diesel fuel sold or delivered by a supplier or distributor into the bulk storage facility of a dyed diesel fuel bonded user or to a purchaser who provides a signed statement as provided by Section 162.206;

(9) the volume of water, fuel ethanol, renewable diesel, biodiesel, or mixtures thereof that are blended together with taxable diesel fuel when the finished product sold or used is clearly identified on the retail pump, storage tank, and sales invoice as a combination of diesel fuel and water, fuel ethanol, renewable diesel, biodiesel, or mixtures thereof;

(10) dyed diesel fuel sold by a supplier or permissive supplier to a distributor, or by a distributor to another distributor;

(11) dyed diesel fuel delivered by a license holder into the fuel supply tanks of railway engines, motorboats, or refrigeration units or other stationary equipment powered by a separate motor from a separate fuel supply tank;

(12) dyed kerosene when delivered by a supplier, distributor, or importer into a storage facility at a retail business from which all deliveries are exclusively for heating, cooking, lighting, or similar nonhighway use;

(13) diesel fuel used by a person, other than a political subdivision, who owns, controls, operates, or manages a commercial motor vehicle as defined by Section 548.001, Transportation Code, if the fuel:

(A) is delivered exclusively into the fuel supply tank of the commercial motor vehicle; and

(B) is used exclusively to transport passengers for compensation or hire between points in this state on a fixed route or schedule; ~~or~~

(14) diesel fuel sold to a volunteer fire department in this state for the department's exclusive use; or

(15) *diesel fuel sold to a nonprofit entity that is organized for the sole purpose of and engages exclusively in providing emergency medical services and that uses the diesel fuel exclusively to provide emergency medical services, including rescue and ambulance services.*

SECTION 27. Section 162.227, Tax Code, is amended by adding Subsection (f-2) to read as follows:

(f-2) A nonprofit entity exempted under Section 162.204(a)(15) from the tax imposed under this subchapter that paid tax on the purchase of diesel fuel is entitled to a refund of the tax paid, and the entity may file a refund claim with the comptroller for that amount.

SECTION 28. Section 162.356, Tax Code, is amended to read as follows:

Sec. 162.356. EXEMPTIONS. (a) The tax imposed by this subchapter does not apply to compressed natural gas or liquefied natural gas delivered into the fuel supply tank of:

(1) a motor vehicle operated exclusively by the United States, provided that the exemption does not apply with respect to fuel delivered into the fuel supply tank of a motor vehicle of a person operating under a contract with the United States;

(2) a motor vehicle operated exclusively by a public school district in this state;

(3) a motor vehicle operated exclusively by a commercial transportation company or a metropolitan rapid transit authority operating under Chapter 451, Transportation

Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the fuel only to provide those services;

- (4) a motor vehicle operated exclusively by a volunteer fire department in this state;
- (5) a motor vehicle operated exclusively by a *municipality or county* in this state;
- (6) a motor vehicle operated exclusively by a nonprofit electric cooperative corporation organized under Chapter 161, Utilities Code;
- (7) a motor vehicle operated exclusively by a nonprofit telephone cooperative corporation organized under Chapter 162, Utilities Code;
- (8) a motor vehicle that is not registered for use on the public highways of this state and that is used exclusively off-highway; ~~or~~
- (9) *a motor vehicle operated exclusively by a nonprofit entity that is organized for the sole purpose of and engages exclusively in providing emergency medical services and that uses the fuel exclusively to provide emergency medical services, including rescue and ambulance services;*
- (10) off-highway equipment, a stationary engine, a motorboat, an aircraft, equipment used solely for servicing aircraft and used exclusively off-highway, a locomotive, or any device other than a motor vehicle operated or intended to be operated on the public highways; or

(11) *except as provided by Subsection (b), a motor vehicle:*

(A) *used to provide the services of a transit company, including a metropolitan rapid transit authority under Chapter 451, Transportation Code, or a regional transportation authority under Chapter 452, Transportation Code; and*

(B) *operated by a person who on January 1, 2015, paid tax on compressed natural gas or liquefied natural gas as provided by Section 162.312, as that section existed on that date.*

(b) *The exemption provided by Subsection (a)(11) does not apply to compressed natural gas or liquefied natural gas delivered into the fuel supply tank of a motor vehicle from a refueling facility accessible to motor vehicles other than those described by Subsection (a)(11)(A).*

SECTION 29. Section 162.365(a), Tax Code, is amended to read as follows:

(a) A license holder may take a credit on a return for the period in which the purchase occurred, and a person who does not hold a license under this subchapter may file a refund claim with the comptroller if the license holder or person paid tax on compressed natural gas or liquefied natural gas and the license holder or person:

- (1) is the United States government and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the United States, provided that a credit or refund is not allowed for fuel delivered into the fuel supply tank of a motor vehicle operated by a person operating under a contract with the United States;
- (2) is a public school district in this state and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the district;
- (3) is a commercial transportation company that provides public school transportation services to a school district under Section 34.008, Education Code, and the fuel was delivered into the fuel supply tank of a motor vehicle used to provide those services;
- (4) is a volunteer fire department in this state and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the department;
- (5) is a *municipality or county* in this state and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the *municipality or county*;
- (6) is a nonprofit electric cooperative corporation organized under Chapter 161, Utilities Code, and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the electric cooperative;

(7) is a nonprofit telephone cooperative corporation organized under Chapter 162, Utilities Code, and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the telephone cooperative;

(8) uses the fuel in off-highway equipment, in a stationary engine, in a motorboat, in an aircraft, in equipment used solely for servicing aircraft and used exclusively off-highway, in a locomotive, or for other nonhighway purposes and not in a motor vehicle operated or intended to be operated on the public highways; ~~or~~

(9) uses the fuel in a motor vehicle that is operated exclusively off-highway, except for incidental travel on the public highways as determined by the comptroller, provided that a credit or refund may not be allowed for the portion used in the incidental highway travel; or

(10) is a nonprofit entity that is organized for the sole purpose of and engages exclusively in providing emergency medical services and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the nonprofit entity to provide emergency medical services, including rescue and ambulance services.

SECTION 30. Section 162.402(a), Tax Code, is amended to read as follows:

(a) A person forfeits to the state a civil penalty of not less than \$25 and not more than \$200 if the person:

(1) refuses to stop and permit the inspection and examination of a motor vehicle transporting or using motor fuel on demand of a peace officer or the comptroller;

(2) operates a motor vehicle in this state without a valid interstate trucker's license or a trip permit when the person is required to hold one of those licenses or permits;

(3) ~~operates a liquefied gas propelled motor vehicle that is required to be licensed in this state, including motor vehicles equipped with dual carburetion, and does not display a current liquefied gas tax decal or multistate fuels tax agreement decal;~~

~~[(4) makes a tax-free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle that does not display a current Texas liquefied gas tax decal;~~

~~[(5) makes a taxable sale or delivery of liquefied gas without holding a valid dealer's license;~~

~~[(6) makes a tax-free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing out-of-state license plates;~~

~~[(7) makes a delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing Texas license plates and no Texas liquefied gas tax decal, unless licensed under a multistate fuels tax agreement;~~

~~[(8)] transports gasoline or diesel fuel in any cargo tank that has a connection by pipe, tube, valve, or otherwise with the fuel injector or carburetor of, or with the fuel supply tank feeding the fuel injector or carburetor of, the motor vehicle transporting the product;~~

(4) ~~[(9)]~~ sells or delivers gasoline or diesel fuel from any fuel supply tank connected with the fuel injector or carburetor of a motor vehicle;

(5) ~~[(10)]~~ owns or operates a motor vehicle for which reports or mileage records are required by this chapter without an operating odometer or other device in good working condition to record accurately the miles traveled;

(6) ~~[(11)]~~ furnishes to a licensed supplier or distributor a signed statement for purchasing diesel fuel tax-free and then uses the tax-free diesel fuel to operate a diesel-powered motor vehicle on a public highway;

(7) ~~[(12)]~~ fails or refuses to comply with or violates a provision of this chapter;

(8) ~~[(13)]~~ fails or refuses to comply with or violates a comptroller's rule for administering or enforcing this chapter;

(9) ~~[(14)]~~ is an importer who does not obtain an import verification number when required by this chapter;

(10) ~~[(15)]~~ purchases motor fuel for export, on which the tax imposed by this chapter has not been paid, and subsequently diverts or causes the motor fuel to be diverted to a destination in this state or any other state or country other than the originally designated state or country without first obtaining a diversion number;

(11) ~~[(16)]~~ delivers compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle and the person does not hold a valid compressed natural gas and liquefied natural gas dealer's license; or

(12) ~~[(17)]~~ makes a tax-free delivery of compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle, unless the delivery is exempt from tax under Section 162.356.

SECTION 31. Section 162.403, Tax Code, is amended to read as follows:

Sec. 162.403. CRIMINAL OFFENSES. Except as provided by Section 162.404, a person commits an offense if the person:

(1) refuses to stop and permit the inspection and examination of a motor vehicle transporting or using motor fuel on the demand of a peace officer or the comptroller;

(2) is required to hold a valid trip permit or interstate trucker's license, but operates a motor vehicle in this state without a valid trip permit or interstate trucker's license;

~~(3) operates a liquefied gas propelled motor vehicle that is required to be licensed in this state, including a motor vehicle equipped with dual carburetion, and does not display a current liquefied gas tax decal or multistate fuels tax agreement decal;~~

~~[(4)]~~ transports gasoline or diesel fuel in any cargo tank that has a connection by pipe, tube, valve, or otherwise with the fuel injector or carburetor or with the fuel supply tank feeding the fuel injector or carburetor of the motor vehicle transporting the product;

(4) ~~[(5)]~~ sells or delivers gasoline or diesel fuel from a fuel supply tank that is connected with the fuel injector or carburetor of a motor vehicle;

(5) ~~[(6)]~~ owns or operates a motor vehicle for which reports or mileage records are required by this chapter without an operating odometer or other device in good working condition to record accurately the miles traveled;

(6) ~~[(7)]~~ sells or delivers dyed diesel fuel for the operation of a motor vehicle on a public highway;

(7) ~~[(8)]~~ uses dyed diesel fuel for the operation of a motor vehicle on a public highway except as allowed under Section 162.235;

~~(8) [(9)] makes a tax-free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle that does not display a current Texas liquefied gas tax decal;~~

~~[(10)] makes a sale or delivery of liquefied gas on which the person knows the tax is required to be collected, if at the time the sale is made the person does not hold a valid dealer's license;~~

~~[(11)] makes a tax-free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing out-of-state license plates;~~

~~[(12)] makes a delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing Texas license plates and no Texas liquefied gas tax decal, unless licensed under a multistate fuels tax agreement;~~

~~[(13)]~~ refuses to permit the comptroller or the attorney general to inspect, examine, or audit a book or record required to be kept by a license holder, other user, or any person required to hold a license under this chapter;

(9) ~~[(14)]~~ refuses to permit the comptroller or the attorney general to inspect or examine any plant, equipment, materials, or premises where motor fuel is produced, processed, blended, stored, sold, delivered, or used;

(10) ~~[(15)]~~ refuses to permit the comptroller, the attorney general, an employee of

either of those officials, a peace officer, an employee of the Texas Commission on Environmental Quality, or an employee of the Department of Agriculture to measure or gauge the contents of or take samples from a storage tank or container on premises where motor fuel is produced, processed, blended, stored, sold, delivered, or used;

(11) [(16)] is a license holder, a person required to be licensed, or another user and fails or refuses to make or deliver to the comptroller a report required by this chapter to be made and delivered to the comptroller;

(12) [(17)] is an importer who does not obtain an import verification number when required by this chapter;

(13) [(18)] purchases motor fuel for export, on which the tax imposed by this chapter has not been paid, and subsequently diverts or causes the motor fuel to be diverted to a destination in this state or any other state or country other than the originally designated state or country without first obtaining a diversion number;

(14) [(19)] conceals motor fuel with the intent of engaging in any conduct proscribed by this chapter or refuses to make sales of motor fuel on the volume-corrected basis prescribed by this chapter;

(15) [(20)] refuses, while transporting motor fuel, to stop the motor vehicle the person is operating when called on to do so by a person authorized to stop the motor vehicle;

(16) [(21)] refuses to surrender a motor vehicle and cargo for impoundment after being ordered to do so by a person authorized to impound the motor vehicle and cargo;

(17) [(22)] mutilates, destroys, or secretes a book or record required by this chapter to be kept by a license holder, other user, or person required to hold a license under this chapter;

(18) [(23)] is a license holder, other user, or other person required to hold a license under this chapter, or the agent or employee of one of those persons, and makes a false entry or fails to make an entry in the books and records required under this chapter to be made by the person or fails to retain a document as required by this chapter;

(19) [(24)] transports in any manner motor fuel under a false cargo manifest or shipping document, or transports in any manner motor fuel to a location without delivering at the same time a shipping document relating to that shipment;

(20) [(25)] engages in a motor fuel transaction that requires that the person have a license under this chapter without then and there holding the required license;

(21) [(26)] makes and delivers to the comptroller a report required under this chapter to be made and delivered to the comptroller, if the report contains false information;

(22) [(27)] forges, falsifies, or alters an invoice or shipping document prescribed by law;

(23) [(28)] makes any statement, knowing said statement to be false, in a claim for a tax refund filed with the comptroller;

(24) [(29)] furnishes to a licensed supplier or distributor a signed statement for purchasing diesel fuel tax-free and then uses the tax-free diesel fuel to operate a diesel-powered motor vehicle on a public highway;

(25) [(30)] holds an aviation fuel dealer's license and makes a taxable sale or use of any gasoline or diesel fuel;

(26) [(31)] fails to remit any tax funds collected or required to be collected by a license holder, another user, or any other person required to hold a license under this chapter;

(27) [(32)] makes a sale of dyed diesel fuel tax-free into a storage facility of a person who:

(A) is not licensed as a distributor, as an aviation fuel dealer, or as a dyed diesel fuel bonded user; or

(B) does not furnish to the licensed supplier or distributor a signed statement prescribed in Section 162.206;

(28) ~~[(33)]~~ makes a sale of gasoline tax-free to any person who is not licensed as an aviation fuel dealer;

(29) ~~[(34)]~~ purchases any motor fuel tax-free when not authorized to make a tax-free purchase under this chapter;

(30) ~~[(35)]~~ purchases motor fuel with the intent to evade any tax imposed by this chapter or accepts a delivery of motor fuel by any means and does not at the same time accept or receive a shipping document relating to the delivery;

(31) ~~[(36)]~~ transports motor fuel for which a cargo manifest or shipping document is required to be carried without possessing or exhibiting on demand by an officer authorized to make the demand a cargo manifest or shipping document containing the information required to be shown on the manifest or shipping document;

(32) ~~[(37)]~~ imports, sells, uses, blends, distributes, or stores motor fuel within this state on which the taxes imposed by this chapter are owed but have not been first paid to or reported by a license holder, another user, or any other person required to hold a license under this chapter;

(33) ~~[(38)]~~ blends products together to produce a blended fuel that is offered for sale, sold, or used and that expands the volume of the original product to evade paying applicable motor fuel taxes;

(34) ~~[(39)]~~ evades or attempts to evade in any manner a tax imposed on motor fuel by this chapter;

(35) ~~[(40)]~~ delivers compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle and the person does not hold a valid compressed natural gas and liquefied natural gas dealer's license; or

(36) ~~[(41)]~~ makes a tax-free delivery of compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle, unless the delivery is exempt from tax under Section 162.356.

SECTION 32. Section 162.404, Tax Code, is amended to read as follows:

Sec. 162.404. CRIMINAL OFFENSES: SPECIAL PROVISIONS AND EXCEPTIONS.

(a) A person does not commit an offense under Section 162.403 unless the person intentionally or knowingly engaged in conduct as the definition of the offense requires, except that no culpable mental state is required for an offense under Section 162.403(5) ~~[162.403(6)]~~.

(b) Each day that a refusal prohibited under Section 162.403(8), (9), or (10) ~~[162.403(13), (14), or (15)]~~ continues is a separate offense.

(c) The prohibition under Section 162.403(27) ~~[162.403(32)]~~ does not apply to the tax-free sale or distribution of diesel fuel authorized by Section 162.204(a)(1) ~~[162.204(1)]~~, (2), or (3).

(d) The prohibition under Section 162.403(28) ~~[162.403(33)]~~ does not apply to the tax-free sale or distribution of gasoline under Section 162.104(a)(1) ~~[162.104(1)]~~, (2), or (3).

SECTION 33. Section 162.405, Tax Code, is amended to read as follows:

Sec. 162.405. CRIMINAL PENALTIES. (a) An offense under Section 162.403(1), (2), (3), (4), (5), ~~[(6);]~~ or (7) ~~[(8)]~~ is a Class C misdemeanor.

(b) An offense under Section 162.403(8), (9) ~~[162.403(9)]~~, (10), (11), (12), (13), (35), or (36) ~~[(14), (15), (16), (17), (18), (40), or (41)]~~ is a Class B misdemeanor.

(c) An offense under Section 162.403(14), (15), or (16) ~~[162.403(19), (20), or (21)]~~ is a Class A misdemeanor.

(d) An offense under Section 162.403(6), (17), (18), (19), (20), (21) ~~[162.403(7)]~~, (22), (23), or (24) ~~[(25), (26), (27), (28), or (29)]~~ is a felony of the third degree.

(e) An offense under Section 162.403(25), (26), (27), (28), (29), (30) ~~[162.403(30)]~~, (31), (32), (33), or (34) ~~[(35), (36), (37), (38), or (39)]~~ is a felony of the second degree.

(f) Violations of three or more separate offenses under the following sections committed pursuant to one scheme or continuous course of conduct may be considered as one offense and punished as a felony of the second degree:

- (1) Section 162.403(6) [~~162.403(7)~~];
- (2) Sections 162.403(8) [~~162.403(13)~~] through (11) [~~(16)~~]; or
- (3) Sections 162.403(17) [~~162.403(22)~~] through (24) [~~(29)~~].

SECTION 34. Section 548.051(a), Transportation Code, is amended to read as follows:

(a) A motor vehicle, trailer, semitrailer, pole trailer, or mobile home, registered in this state, must have the following items inspected at an inspection station or by an inspector:

- (1) tires;
- (2) wheel assembly;
- (3) safety guards or flaps, if required by Section 547.606;
- (4) brake system, including power brake unit;
- (5) steering system, including power steering;
- (6) lighting equipment;
- (7) horns and warning devices;
- (8) mirrors;
- (9) windshield wipers;
- (10) sunscreening devices, unless the vehicle is exempt from sunscreen device restrictions under Section 547.613;
- (11) front seat belts in vehicles on which seat belt anchorages were part of the manufacturer's original equipment;
- (12) ~~tax decal, if required by Section 548.104(d)(1);~~
- ~~[(13)]~~ exhaust system;
- (13) ~~[(14)]~~ exhaust emission system;
- (14) ~~[(15)]~~ fuel tank cap, using pressurized testing equipment approved by department rule; and
- (15) ~~[(16)]~~ emissions control equipment as designated by department rule.

SECTION 35. Section 548.104(d), Transportation Code, is amended to read as follows:

(d) An inspection station or inspector may not issue a passing vehicle inspection report for a vehicle equipped with:

(1) ~~[a carburetion device permitting the use of liquefied gas alone or interchangeably with another fuel, unless a valid liquefied gas tax decal issued by the comptroller is attached to the lower right-hand corner of the front windshield of the vehicle on the passenger side;~~

~~[(2)]~~ a suncreening device prohibited by Section 547.613, except that the department by rule shall provide procedures for issuance of a passing vehicle inspection report for a vehicle exempt under Section 547.613(c); or

(2) ~~[(3)]~~ a compressed natural gas container unless the owner demonstrates in accordance with department rules proof:

(A) that:

(i) the container has met the inspection requirements under 49 C.F.R. Section 571.304; and

(ii) the manufacturer's recommended service life for the container, as stated on the container label required by 49 C.F.R. Section 571.304, has not expired; or

(B) that the vehicle is a fleet vehicle for which the fleet operator employs a technician certified to inspect the container.

SECTION 36. The following are repealed:

- (1) Section 411.109(c), Government Code;
- (2) Section 2001.501, Occupations Code;
- (3) Section 111.021(j), Tax Code;
- (4) Chapter 159, Tax Code;
- (5) Section 162.001(40), Tax Code;
- (6) Subchapter D, Chapter 162, Tax Code; and
- (7) Section 162.505, Tax Code.

SECTION 37. (a) The change in law made by this Act to Section 162.402(a), Tax Code, applies only to a violation that occurs on or after the effective date of this Act. A violation that occurred before the effective date of this Act is governed by the law in effect on the date the violation occurred, and the former law is continued in effect for that purpose.

(b) The changes in law made by this Act to Sections 162.403, 162.404, and 162.405, Tax Code, apply only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

(c) The comptroller of public accounts shall issue to a person who holds a liquefied gas tax decal license under Section 162.305, Tax Code, that is valid on or after the effective date of this Act a pro rata refund of the unused portion of the advanced taxes paid for the period after the effective date of this Act.

SECTION 38. The changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 39. (a) Except as otherwise provided by this Act, this Act takes effect September 1, 2015.

(b) Section 19 of this Act takes effect January 1, 2016, but only if a constitutional amendment authorizing the legislature to exempt from ad valorem taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions is approved by the voters. If that amendment is not approved by the voters, Section 19 of this Act has no effect.

(c) Section 20 of this Act takes effect January 1, 2016.

Passed by the House on May 7, 2015: Yeas 133, Nays 10, 2 present, not voting; the House refused to concur in Senate amendments to H.B. No. 1905 on May 28, 2015, and requested the appointment of a conference committee to consider the differences between the two houses; the House adopted the conference committee report on H.B. No. 1905 on May 31, 2015: Yeas 132, Nays 9, 2 present, not voting; passed by the Senate, with amendments, on May 26, 2015: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; the Senate adopted the conference committee report on H.B. No. 1905 on May 31, 2015: Yeas 19, Nays 12.

Approved June 20, 2015.

Effective September 1, 2015, except as otherwise provided by this Act.